

# CEI: A Hedgehog and a Fox

By HANNAH THOMAS

## Abstract

*Coastal Enterprises, Inc. (CEI) is a multifaceted organization that in 1977 took on the task of improving the lives of low-income people and communities in Maine. Using the lessons learned in the parable of the hedgehog and the fox, this article describes the many ways that CEI seeks to provide opportunities for low-income people in Maine. Working on the principle that economic development and environmental sustainability are not mutually exclusive, CEI seeks to invest in the community with the concept of the three Es. The author outlines the ways that CEI works in its community and provides a historical context for the work that it is doing today in Maine and Northern New England.*

Archilochus's parable of the hedgehog and the fox has been used by many since the seventh century to frame the discussion of human nature. The hedgehog, a determined and tenacious fellow, knows one strategy and follows it to the end, while the fox, a wily and intelligent animal, devises many strategies to outwit his hunters. As Erasmus phrased it in the 16th century *Multa novit vulpes, verum echninus unum magnum*. The fox devises many strategies; the hedgehog knows one great and effective strategy.

In his book *The Hedgehog, the Fox and the Magister's Pox: mending the gap between science and the humanities* (2003) Stephen Jay Gould captures the real

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learning behind Archilochus's parable: that the combination of these two strategies leads to great power and achievement.

Coastal Enterprises, Inc. is in many ways a great example of both the hedgehog and the fox. Founded in 1977 by Ron Phillips, the organization has tenaciously and steadfastly followed its mission of creating opportunities for low-income communities and people in Maine in an environmentally as well as socially sustainable way. At the same time it has used the intelligence and wiliness of the fox to follow a diverse range of strategies to help those communities. Some call this opportunistic. The reality is that it has created a holistic organization tackling the many avenues for escape from poverty that exist for low-income individuals.

This approach could not be more necessary in Maine. Although famously beautiful, it poses contrasts as sharp as the ledges along its rugged coast. Prosperity and poverty co-exist. For those struggling to make a go of it in a state whose traditional industries — farming, fishing, and forestry — are all undergoing major transitions, there's a pressing need for reliable technical and financial assistance to build a sustainable economy

and find new avenues to make these industries viable.

Born out of the social justice movement of the 1960s and 70s, CEI was created by a group of people who saw the need to establish a community development corporation (CDC) in Maine. With a supportive environment in the state for such an entity, CEI was able to garner funds from two regional Com-

munity Action Agencies and began the larger task of working to improve the lives of low-income individuals in the state. With its initial territory encompassing the mid-coast region of Maine, CEI focused on creating opportunities for job creation, income and ownership.

CEI has grown programmatically over the years. As it stands today, the range of programs stems out of the

core activity of financing. With a number of financing tools under its management, CEI is able to work with small and medium sized businesses that need venture capital, capital for development, real estate, and micro loans. Usually working with other financing partners such as banks and state financing agencies, CEI helps borrowers to put together the most appropriate package of financing. Typically CEI helps borrowers who cannot access conventional bank loans. By partnering with traditional finance sources, CEI helps its borrowers

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move into the financial mainstream. One example is the work that CEI has done with women borrowers. Traditionally banks were unwilling to loan money to women. CEI recognized a need and stepped in to target loans to women. Today more women are receiving conventional bank loans in Maine than they were even ten years ago, partly because CEI helped banks see that women could provide a new market for their products.

One of the key aspects of CEI's work is trying to implement social change. CEI uses all possible avenues to do this including asking borrowers to agree to certain practices. For example, during the loan making process, CEI tries to assess whether there will be social benefits from the financing, such as new jobs, low-income employment, new childcare places especially for low-income children, or assisted living. This kind of social, as well as financial, assessment helps CEI benefit people in Maine through providing loans to those that otherwise might not get financing. Another example is when we ask job-creating small businesses to sign an Employment Training Agreement, or an ETAG. The agreement encourages the company to target 50% of job openings to low-income individuals and establishes a formal relationship to work with CEI staff in the Targeted Opportunities (TO) department. TO staff will establish relationships with state and federal workforce development programs and introduce borrowers to welfare recipients when job openings appear. Monitoring progress under the agreement is done on a monthly basis and if the borrower applies for another loan, TO staff working with the borrower will make a recommendation to the loan department about whether we should provide additional financing, based on prior performance under this agreement.

The ETAG is one part of the Workforce Development, or Targeted Opportunities (TO) program at CEI. The department has a history of working on

specific projects that are not always directly related to CEI financing, but that provide a measurable improvement to the opportunities for low-income communities. Currently the TO department is working on a Department of Labor funded two year program to provide training to incumbent and dislocated workers in a central area of Maine. The Progressive Alliance for Careers and Training (PACT) is a collaborative project involving many different local government agencies as well as private companies that helps retrain interested incumbent or dislocated workers. With three identified areas in which to train participants (healthcare, wood products and Information Technology), PACT is helping more than 300 Maine residents retrain and start a better-paid career with many work opportunities. (See box below.)

With a financing strategy at its core, CEI tries to offer the best chance possible to borrowers and small businesses in the state to succeed in their business. Thus it is no surprise that one of the main core strategies at CEI involves small business counseling and training. CEI runs the Small Business Development Center for the mid-coast region (that extends from Bath to Belfast along the Maine coast), and central Maine. It also runs the Women's Business Center which provides training and counseling primarily, though not exclusively, to women. Training involves a diverse range of different workshops including classes on using accounting software and development of a website. In a very rural state — Maine comprises 33,000 square miles — a website can be an important and often used route for marketing products.



**A**my LeBlanc is a healthcare worker from the rural town of Canaan, Maine. The sole wage earner for her family of four, she has more than 11 years of experience in the healthcare field. Despite her experience, she does not earn enough to support her family and has to rely on food stamps and health coverage through the MaineCare program. Now, thanks to the Health Careers program of PACT, Amy is studying to become a Licensed Practical Nurse (LPN). She might expect her wages to increase as much as 50% after receiving a practical nurse license.



Also offered through business development services, notably in Portland and Lewiston-Auburn, are business counseling services for refugees and immigrants through the StartSmart program. Although Maine is 97% white, there is an increasing number of new immigrants moving to Maine for its quality of life. The number of languages spoken in the Portland high schools is over 60 and translation services are necessary in an increasing number of public services. The business counseling service at CEI offers an introduction into the world of American business for immigrants who are very often extremely highly trained professionals and want to start their own business in their new home. CEI has helped a diverse range of individuals such as Roda Abdi, a Somali refugee who has started her own store in Lewiston-Auburn. (See box at right.)

CEI also targets funds towards specific sectors in the Maine economy. There are several including farming, fisheries, forestry, childcare, community facilities, arts and environmental projects. The fisheries loan funds offer a good example of how CEI uses its financing to leverage change to benefit the economic opportunities available in Maine. Formally started in the 1990s, though with its roots in the early days of CEI, the fisheries project holds as a core tenet the idea that a vibrant fishing economy can coexist in harmony with environmental stewardship. Project manager Elizabeth Sheehan has worked to develop a collaborative relationship between fishermen financed by CEI and the environmental and scientific communities in Maine. This has been achieved in large part through the Fishtag, whereby at the closing of a loan from the fisheries loan fund, the borrower agrees to take part in a project of use to the scientific and environmental communities that will be specific to their work. Now building a coalition around the pressures on working waterfronts in Maine, the CEI Fisheries project strategy is to maintain the infrastructure



**W**hen Roda Abdi first came to Lewiston, she dreamed of a store that would provide other African immigrants in her community with products that linked them to their heritage and homelands. Through her selection of food, clothing and household goods, Roda wanted to make A&R Halal Market a place where people could gather and learn about each other's cultures. Roda found StartSmart, and was able to receive the management assistance she needed to understand American business practices.

of the Maine fisheries, while recognizing the environmental pressures on the fisheries themselves, so that when the fish return there will still be fishermen to catch the fish.

With low-income individuals affected by not only employment opportunities but also the lack of affordable housing, CEI has allocated substantial resources to developing an affordable housing program. Working in tandem with other state housing agencies, CEI Housing provides opportunities for people to rent affordable housing as well as become homeowners and has financed and manages several safe homes for victims of domestic abuse. In support of this activity

there is a range of services such as homeownership and housing counseling, individual development accounts where low-income individuals can save their own money with a match from CEI, and technical assistance to other housing organizations.

The final strategy that CEI employs is research and policy development. With so many federal and state policy initiatives affecting low-income individuals, CEI uses its experience working with and for low-income individuals to educate policy makers on the best strategies to use as well as presenting case studies of its experience nationally to peers and philanthropists. Part of doing this is



evaluating what CEI's financing and other activities actually do for the low-income individuals and the businesses that employ them. With the help of several foundations such as the Ford Foundation, CEI's research department has been able to complete several in-depth studies of the effects of its loans to businesses on the low-income employees of those firms. The results of these studies have led to targeted strategies such as development of a child care loan fund and a new temporary staffing service to provide on the job training for those with barriers to employment.

The hedgehog doggedness of pursuing a single goal is clear in CEI's work: low-income people are at the core of what CEI does. As is clear from the description of the strategies that it uses, however, CEI is also the fox with its multiple ways of approaching the goal.

In recent years the hedgehog has realized that it needs to elevate an important goal of environmental sustainability that was present from the beginning but that hasn't been explicitly at the core of its strategy over the years. With the belief that economic opportunities do not have to be in opposition to the environment, CEI has set out on developing an active practice of investing in equity, economy and ecology. Known in economic development circles as the three Es, they encompass a broad view of sustainable development that seeks to minimize the impact on the environment of equitable economic opportunities. CEI is one of the few economic

community development organizations that have taken on this challenge in the United States. But it is committed to establishing this concept of sustainable development as a standard in the industry so that environmental sustainability is as important a measure as low-income job creation.

These two goals are not as mutually exclusive as the detractors would like to think. Often low-income communities are those that are most affected by environmental pollution. One only has to think of the location of many low-income communities in close proximity to polluting manufacturing plants in this country to realize that the fight for economic justice is the same as the fight for environmental justice. However, the practice of true sustainable development is not easy. It requires the buy-in of many different stakeholders involved in the process and the knowledge and expertise to understand what is green and sustainable.

At CEI we are taking many different steps to institute the environmental aspect into our programs. We are working with the Department of Environmental Protection on a pilot project to see whether we can encourage our borrowers to move beyond environmental compliance and

begin to take a proactive approach to reducing their impact on the environment. Our newest venture capital subsidiary is working with companies to look for lower impact production cycles and asks every business it invests in to agree to the CERES (Coalition for Environmentally

Responsible Economies) principles. Our affordable housing program is installing solar panels on some of its buildings and is looking at alternative materials to use in rehabilitation and development of houses. Our fisheries program is working with borrowers to reduce environmental impacts from waterfront activities. Our farms program is working to help farmers stay in business, practice sustainable agriculture and preserve land from urban sprawl. The forestry program is looking for ways to increase markets for sustainably harvested wood and works with our lending department to suggest best practices for forestry loans.

Although some may argue that the environmental concentration is a distraction from the goal of helping low-income people, CEI has realized that to create economically sustainable communities, you need to include in economic development the improvement of the community's environment. Environmental activities have been shown to spin off a multitude of economic opportunities. Increasingly, studies are showing environmentally sustainable improvements to houses can save money. Low-income families can benefit from reduced electrical payments because they have good insulation in their homes while reducing their use of electricity.

Progress is not going to come overnight and no doubt our success will relate more broadly to the successes of society in positioning economic development and environmental sustainability as part of a collaborative solution rather than as directly opposed and mutually exclusive. CEI is seeking its place in building the movement towards sustainable solutions. It will put the hedgehog tenacity to work for it, while using a variety of different strategies like the fox. Low-income individuals remain at the core of its mission as it realigns its goal to push for sustainable economic development and sustainable opportunities for the low-income individuals of Maine.

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